

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 440/MP/2014**

**Coram:**

**Shri Gireesh B.Pradhan, Chairperson**

**Shri A.K.Singhal, Member**

**Shri A.S.Bakshi, Member**

**Date of Hearing: 15.1.2015**

**Date of Order : 29.1.2016**

**In the matter of**

Petition under Section 79 (1) (c) and (f) of the Electricity Act, 2003 for adjudication of dispute between Essar Power Gujarat Limited and Power Grid Corporation of India Limited in relation to illegal threat of encashment of the bank guarantee furnished in relation to connectivity granted to the petitioner.

**And**

**In the matter of**

Essar Power Gujarat Limited  
Salaya Administrative Building,  
44 KM, Jamnagar-Okhla Highway Post Box No-7,  
Post Khambhaliya, District Jamnagar-361 306, Gujarat

**.....Petitioner**

**Vs**

Power Grid Corporation of India Limited  
B-9, Qutab Institutional Area,  
Katwaria Sarai, New Delhi-110 016

**.....Respondent**

**Parties Present:**

Shri Sanjay Sen, Senior Advocate, EPGL  
Shri Alok Shankar, Advocate, EPGL  
Shri Deepak Rodricks, EPGL  
Shri Dilip Rozekar, PGCIL

**ORDER**

The petitioner, Essar Power Gujarat Limited, has filed the present petition under Section 79 (1) (c) and (f) of the Electricity Act, 2003 (Act) seeking declaration that:

- (a) the notice proposing to encash the bank guarantee is illegal and quash the same;

(b) The petitioner is liable to furnish guarantee to the extent of connectivity actually available;

(c) PGCIL not to take any steps towards encashment of the bank guarantee furnished by the petitioner.

2. Brief facts of the case leading to the filing of the present petition are as under:

(a) The petitioner is setting up a 3240 MW thermal power plant at District Jamnagar, Gujarat. On 9.2.2010, the petitioner made an application to CTU for grant of Connectivity for 2240 MW in the Western Region which was granted by CTU.

(b) On 3.1.2011, Transmission Agreement was entered into between the petitioner and CTU in terms of the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium Term Open Access in inter-State Transmission and related matters) Regulations, 2009 (Connectivity Regulations).

(c) Pursuant to the Transmission Agreement, on 14.12.2011, an agreement for Long Term Access with system strengthening was entered into between the petitioner and CTU. Subsequently, in terms of Regulation 5 (b) of the Connectivity Regulations, the petitioner furnished Bank Guarantee of ₹ 112 crore which was valid till 4.11.2014 with claim period upto 4.12.2014.

(d) CTU vide its letter dated 8.9.2014 informed the petitioner that validity period of BG is expiring on 4.11.2014 and it is to be extended by another one year before the expiry of the validity. In case BG is not extended before the expiry date, the same may be treated as the claim against BG and no further claim would be lodged for realizing the proceeds.

(e) The petitioner vide its letter dated 31.10.2014 informed CTU that (i) As per the CEA manual on Transmission Planning Criteria, the rated capacity of the line under construction is about 1100 MW, (ii) EPGL has been directed to restrict export to a maximum of 250 MW accordingly effective grant of connectivity is only for 250 MW, and (iii) Accordingly, the security in terms of the Connectivity Regulations should be proportionate to 250MW. The petitioner requested CTU to accept BG of ₹ 12.5 crore instead of ₹ 112 crore originally furnished by it.

(f) CTU vide its letter dated 4.11.2011 directed the petitioner to install Special Protection Scheme (SPS) to restrict the actual evacuation to 250 MW since there is no capacity available for transfer of more than 250 MW at Salaya TPS beyond Bhachau, taking into account Mundra UMPP generation. As per CEA Manual on Transmission Planning Criteria, all the equipment in the transmission system shall remain with their normal thermal and voltage ratings even after loss of 400 kV S/C line without load shedding/rescheduling of generation. Accordingly, the rated capacity of the line being developed by PGCIL is taking into

account the ampacity as per CEA Manual on Transmission Planning Criteria which would only be around 1100 MW.

(g) Since, the granted connectivity of 2240 MW is an empty formality in light of the provisions of the CEA Manual, there is no basis for CTU to continue to require BG in accordance with the total capacity applied for.

(h) In response to the petitioner's letter dated 31.10.2014, no response has been received from CTU. Any encashment of BG without even responding would amount to fraud and illegal.

(i) While there is no dispute that the BG is unconditional and can be encashed without assigning any reasons. However, the same cannot mean that BG can be encashed without any reason. The expression 'without assigning any reasons' has been interpreted by the Hon'ble Supreme Court in a catena of cases and it is settled position of law that without assigning any reasons can only mean that the reason for act may not be communicated.

3. The matter was heard on 7.11.2014. CTU was directed to file its reply. The petitioner was directed to file (i) Copy of LTA application, (ii) Status of generating units of the petitioner's generating station as on date; and (iii) Status of Connectivity which has been applied by the petitioner i.e. whether the petitioner wants connectivity for 2240 MW or not?. CTU was directed to file the following information:

(a) Status of dedicated transmission line, namely Salaya (TPS)-Bachau 400 kV D/C transmission line which is being constructed by PGCIL, feasibility of evacuating power of generating units of the petitioner vis-à-vis connectivity granted;

(b) Status of transmission lines mentioned in the system strengthening to facilitate power transfer as part of LTA;

(c) Status of other proposed line from generating station and Pirana Pooling point i.e. Salaya (TPS)-Bachau 400 kV D/C transmission line and whether without this full load testing of various proposed units would be possible?

(d) Status of the action taken in similar cases and situation by Power Grid.

4. The petitioner vide its affidavit dated 28.11.2014 has submitted that the petitioner was developing a generating station at Salaya in two phases. Phase-I of the generating station is already under commercial operation since June, 2012. For Phase II, it has been proposed to revise the configuration of the project to 1320MW (2x660MW) out of 3240 MW (4x660 MW+4x150MW). Since the proposed phase-II 1320(2X660) MW project was delayed due to non-grant of environment clearance by Ministry of Environment and Forest, a connectivity of 250 MW (instead of 2240 MW) was proposed by the petitioner. The petitioner vide its letters dated 17.8.2012, 6.7.2013, 31.1.2014 and 25.2.2014 informed CTU the reasons for delay for execution of the project as per the terms and conditions of the Transmission Agreement.

5. The petitioner has submitted that while the CTU has been regularly conducting meetings with the generation developers of Odisha, Chhattisgarh, Sikkim, Tamil Nadu, etc., to mutually review the evolution of generation projects and associated transmission lines, no such coordination meeting was held with the petitioner. The petitioner on itself informed the status/delay in its generation project to the CTU as early as August, 2012. This proposed 1320 MW would meet the contractual obligations that the petitioner has already

entered into with GUVNL for 800 MW. The petitioner has submitted that it has been discussing with the procurer, namely GUVNL for revision of the tariff to make the project viable. The project will be progressed after clarity in this regard. The petitioner has submitted that it would utilise connectivity upto 250 MW which is the maximum capacity which it is anyways entitled to carry as per CTU's direction with regard to SPS.

6. CTU, vide its affidavit dated 28.11.2014, has submitted as under:

(a) The expected COD of the dedicated transmission line, namely Salaya (TPS)-Bachau 400 kV D/C transmission line is March, 2015.

(b) With regard to feasibility of evacuating power of generating units of the petitioner vis-a-vis connectivity granted, CTU has submitted that as per Regulation 8(6) of the Connectivity Regulations, mere grant of connectivity does not entitle an applicant to interchange any power with the grid unless it obtains long-term access, medium term open access or short term access. In terms of Regulation 8(7) of the Connectivity Regulations, the applicant who is granted connectivity is entitled for injection of power to tune of full load testing of one unit at a time and not entire evacuation. The Commission in para 43 of the Statements of Reasons to the Connectivity Regulations has also clarified that the regulations have been changed to specify allowed limits of injection without access only to the extent of allowing load test of the generating unit before being put into commercial operation. Therefore, the grant of connectivity allows full load testing of only one unit at a time and not entire evacuation.

(c) The thermal capacity of the dedicated line is 2600 MW which is much more than the connectivity sought. The said line is encountering severe Right of Way issues which may delay the commissioning. However, all efforts are being made to commission the line by March, 2015. As the petitioner had applied for LTA for 250 MW, the system capability to accommodate the same was ascertained and LTA of 250 MW was granted without augmentation of additional system strengthening. In case the petitioner had applied LTA for full quantum then the system requirement would have been accordingly worked out and taken up for implementation.

(d) CTU has submitted the status of transmission system which were already approved/under implementation under other schemes and were to be used to facilitate transfer of LTA quantum sought (i.e. 250 MW) to target beneficiaries in Southern Region.

<b>S No.</b>	<b>Name of Transmission System</b>	<b>Expected COD</b>
1.	Narendra (GIS)-Kolhapur (GIS) 765kV D/C line	June, 2015
2.	LILO of both circuit of existing Kolhapur-Mapusa 400kV D/C line at Kolhapur (GIS)	June, 2015
3.	Narendra (GIS)-Narendra (existing) 400kV D/C Quad line	June, 2015

(e) The transmission lines, namely (i) Pirana-Dehgam 400 kV D/C line, (ii) Pirana-Asoj 400 kV Quad D/C-temporary arrangement in absence of completion of Vadodara-Pirana 400kV Quad D/C, and (iii) Pirana-Sugen 400 kV D/C line are existing at Pirana sub-station. These

transmission lines shall be adequate to handle 250MW of LTA which has been granted to the petitioner as per its request.

(f) In cases where the transmission system for connectivity and strengthening of the grid for grant of LTA were developed by CTU under the coordinated transmission planning of ISTS in line with Regulation 8 (8) of the Connectivity Regulations, BG has been taken for the amount equal to quantum of connectivity granted multiplied by ₹ 5 lakh for the cases where the length of the connectivity line is more than 20 kms. However, there has been no case where the connectivity line is less than 20 kms. This approach is consistent with the approach followed for the petitioner.

7. The petitioner vide its rejoinder dated 13.1.2015 to the reply of CTU has submitted the averment made by CTU is false and calculation of thermal rating at 2600 MW is not in accordance with the CEA Manual on Transmission Planning Criteria. The thermal capacity has to be computed by taking into account Single Contingency i.e. (N-1). The petitioner has further submitted that in the event the thermal capacity of the line is determined as per the CEA Manual then the same would be approximately 1100 MW. CTU has contended that the connectivity can allow testing of only one unit and not the entire generating station, even if the same is accepted as true, the petitioner would not be able to undertake testing in light of the unit size (660 MW), especially when the actual evacuation is restricted to 250 MW by mandatory installation of SPS upon the instructions of CTU.



8. CTU was directed vide Record of Proceedings for the hearing dated 15.1.2015 as to whether line is capable of carrying the entire quantum of 2240 MW for which connectivity has been granted to the petitioner. CTU vide its affidavit dated 30.1.2015 has submitted that CTU granted connectivity to the petitioner for 2240 MW and thereby undertaken construction of dedicated transmission line (Salaya-Bachau 400 kV Triple conductor double circuit line) in terms of Connectivity Regulations. The above Salaya-Bachau 400 kV Triple conductor double circuit line is capable of carrying the entire quantum of 2240 MW under normal operating conditions. The current carrying capacity of the dedicated transmission line is more than the connectivity granted as the said line uses a triple snow bird conductor having a capacity of 2640 MW as per the CEA Manual on Transmission Planning Criteria.

**Analysis and Decision:**

9. We have considered the submissions of the petitioner and the respondent. The petitioner made an application for grant of connectivity on 9.2.2010 for 2240 MW in Western Region. However, it is noted that the petitioner initially under its letters dated 9.2.2010 made separate fresh applications for grant of connectivity and LTA of 3040 MW in the Western Region. The petitioner vide its affidavit dated 28.11.2014 informed that it had made an application to CTU for grant of connectivity of 2240 MW. On 14.9.2010, CTU granted connectivity for 2240 MW to the petitioner. On 3.1.2011, the petitioner entered into Transmission Agreement with CTU in terms of the Connectivity Regulations. Pursuant to the Transmission Agreement, the petitioner entered into an Agreement for Long Term Access

with System Strengthening with CTU and furnished BG of ₹ 112 crore. As per Long Term Access Agreement, the connectivity of transmission system, namely Essar Gujarat (Salaya) TPS-Bachau 400 kV D/C (Triple) line and 2 nos. 400 kV bay extension at Bachau sub-station, for generation project of the petitioner was to be completed by PGCIL by March 2014. The connectivity was required to the petitioner from 1.6.2012. While intimating to the petitioner for grant of connectivity, CTU vide its letter dated 14.9.2010 informed the petitioner, in case of mismatch between implementation of the identified transmission system and commissioning of generating project, interim arrangement through LILO of one circuit of 400 kV Mundra-Jetpur D/C (triple) line at EPGL TPS shall be provided by the applicant.

10. The petitioner made an application for grant of LTA of 250 MW on 3.3.2011. CTU vide its letter dated 5.8.2011 granted LTA to the petitioner with target beneficiary as Southern Region. The LTA was granted from March 2014 or commissioning of identified strengthening scheme whichever is later. The details of strengthening scheme are as under:

**"Transmission System Strengthening to facilitate power transfer as part of LTA"**

1.0 Transmission system strengthening in SR-WR Transmission corridor (to be shared with IPPs in SR & WR) [under the scope of tariff based competitive bidding route].

1.1 Kolhapur-Padghe 765kV D/c one circuit via Pune (initially to be operated at 400kV)\*\*

Completion Schedule- As finalized with the ISTS Licensee through Tariff Based Competitive Bidding.

\*\* Associated line bays are dealt with hereunder.

2.0 Transmission system strengthening in SR-WR Transmission corridor (to be shared with IPPs in SR & WR) [ under the scope of POWERGRID]

- 2.1 Narendra (GIS)-Kolhapur (GIS) 765kV D/c line (initially to be operated at 400kV)
- 2.2 LILO of both circuits of existing Kolhapur-Mapusa 400kV D/c line at Kolhapur (GIS)
- 2.3 Narendra (GIS)-Narendra (existing) 400kV D/c Quad line
- 2.4 Establishment of new 400kV substation each at Narendra (GIS) and Kolhapur (GIS)

**Completion Schedule-**As per BPTA signed with IPPs in Krishnapatnam AP for HCTC-VI/Tuticorin, TN for HCTC-VII for above tr. corridor

- 2.5 Associated line bays at both ends along with Reactor for the Transmission System at 1.1 above is to be implemented by POWERGRID.

**Completion Schedule-**Schedule shall be matching with the line to be commissioned under TBCB."

11. As per Regulation 3 of the Connectivity Regulations, the applicant may apply for connectivity and LTA simultaneously. Regulation 27 (2) (d) of the Connectivity Regulations deals with bank guarantee during construction phase which is extracted as under:

"27(2) (d) Aspects such as payment security mechanism and bank guarantee during the period of construction and operation:

Provided that the bank guarantee during construction phase shall not exceed Rs. 5 lakh per MW of the total power to be transmitted by that applicant through inter-State transmission system."

As per the above provisions, the applicant seeking grant of connectivity and LTA is required to furnished bank guarantee of ₹ 5 lakh per MW in case of construction/augmentation of transmission system which should not exceed ₹ 5 lakh per MW at any time.

12. Further, Para 7.3 of the Detailed Procedure under the Connectivity Regulations provides as under:

**"7.CONSTRUCTION OF DEDICATED TRANSMISSION SYSTEM**

7.3 In all the cases where dedicated transmission system up to point of connection is to be undertaken by CTU/Inter-State Transmission Licensee, the applicant after grant of connectivity shall sign transmission agreement as per the format given at Format-Con-8 within one month of the grant of connectivity. Further applicant shall furnish Bank Guarantee (BG) for the amount EITHER (a) at the rate of Rs. 2.5 lakhs/MW (or such amount as amended from time to time, with the approval of the Commission) if the connectivity requires transmission line up to 20km OR (b) at the rate of Rs. 5 lakh/MW or amount as amended from time to time in the Regulations if the connectivity requires transmission line more than 20km. The BG as per format given at FORMAT-CON-7 should be made in favour of CTU/Transmission licensee within one month of signing of transmission agreement with validity up to commissioning of above transmission system.

In case application for Grant of connectivity and Grant of Long Term Access are made concurrently or after a time gap, then the requirement of submission of above BG should be read in conjunction with the clause for Bank Guarantee of Rs. 5 lakhs per MW for construction/augmentation of transmission system under "Procedure for Grant of Long Term Access". In such case the total BG required to be submitted for both the construction of dedicated line as well as for augmentation of transmission system together, at any time, shall not exceed Rs. 5 Lakh per MW."

From the above provisions, it is established that for construction of dedicated transmission system, bank guarantee is to be furnished at the rate of ₹ 5 lakh/MW if the connectivity requires transmission lines more than 20 kms. The bank guarantee is required to be furnished to CTU/transmission licensee within one month of signing of transmission agreement with validity up to commissioning of transmission system. CTU granted connectivity and LTA of 2240 MW and 250 MW to the petitioner on 14.9.2010 and 5.8.2013 respectively. The length of the dedicated transmission line is 225 km approximately. The petitioner furnished BG of ₹ 112 crore for connectivity of

2240 MW on 9.2.2011 which was valid till 4.11.2014 with claim period upto 4.12.2014.

13. The petitioner in its written submission dated 6.2.2015 has submitted that CEA Manual on Transmission Planning Criteria clearly mandates that all the equipment in the transmission system shall remain within their normal thermal and voltage ratings even after loss of 400 kV single circuit without load shedding/rescheduling of generation. Since, the thermal capacity of the Salaya-Bachau 400 kV D/C line is about 1100 MW as per N-1 criteria specified in the Grid Code and the CEA Manual on Transmission Planning Criteria, there is no basis for seeking a bank guarantee for 2240 MW. In this regard, Para 1.2 of the CEA Manual on Transmission Planning Criteria dated June 2013 provides as under:

“1.2 The planning criteria detailed herein are primarily meant for planning of Inter-State Transmission System (ISTS) down to 132kV level and Intra-State Transmission System (Intra-STTS) down to 66kV level, including the dedicated transmission lines.”

As per the above provision, the dedicated transmission lines have to be built in accordance with the CEA Manual on Transmission Planning Criteria.

14. The petitioner has submitted that n-1 criteria is applicable to dedicated transmission line also and there cannot be two different standards applicable, one which applies at the time of grant of connectivity and other at the time of actual transmission of electricity. PGCIL has submitted that as per Regulation 8 (6) of the Connectivity Regulations, a mere grant of connectivity does not entitle an applicant to interchange any power with the grid unless it obtains long term access, medium term open access or short term access. PGCIL has

further stated that the applicant, who has been granted connectivity, is entitled for injection of power to tune of full load testing of one unit at a time. PGCIL has submitted that in para 43 of the Statement of Reasons of Connectivity Regulations, the Commission clarified that the Regulations have been changed to specify the allowed limits of injection without access only to the extent of allowing load test of the generating unit before being put into commercial operation. Allowing injection without access would not allow the Regional Load Despatch Centre to carry out optimum scheduling. Therefore, it is clear that the grant of connectivity allows full load testing of only one unit at a time and not for entire evacuation.

15. PGCIL has submitted that since the petitioner had applied for grant of LTA for 250 MW, the system capability to accommodate the same was ascertained and LTA of 250 MW was granted without augmentation of additional system strengthening. In case the petitioner had applied LTA for full quantum then the system required would have been accordingly worked out and taken up for implementation. In response to the Commission's query during hearing on 15.1.2015 as to whether the line is ready to carry 2240 MW power, the representative of PGCIL submitted that as per the CEA Manual on Transmission Planning Criteria, n-1 reliability criteria is not required to be followed for grant of connectivity. Therefore, the current carrying capacity of the dedicated transmission line is more than the connectivity granted as triple snow bird conductor is used whose ampacity as per CEA Manual on Transmission Planning Criteria is 2640 MW.

16. We have considered the submissions of the petitioner and the respondent. As per the CEA Transmission Planning Criteria, the long term applicants seeking transmission service are expected to pose their end to end requirements well in advance to the CTU/STUs. Though the Connectivity Regulations provide that an applicant can seek connectivity without any form of access, but mere grant of connectivity shall not entitle an applicant to interchange any power with the grid unless it obtains long term access, medium-term open access or short-term open access. However, new generating stations are exempted during commissioning activities from this provision and grant of connectivity allows full load testing of only one unit at a time and not for entire capacity of the generating station. Para (i) of CEA Transmission Planning Criteria, which was applicable in 2010, provides for single contingency for steady state operation. Para (i) of the CEA Transmission Planning Criteria is extracted as under:

*“(i) As a general rule, the EHV grid system shall be capable of withstanding without necessitating load shedding or rescheduling of generation, the following contingencies:*

- Outage of a 132 kV D/C line or,*
- Outage of a 220 kV D/C line or,*
- Outage of 400 kV single circuit line or,*
- Outage of 765 kV single circuit line or*
- Outage of one pole of HVDC Bipolar line or*
- Outage of an Interconnecting Transformer*

*The above contingencies shall be considered assuming a pre-contingency system depletion (planned outage) of another 220 kV double circuit line or 400 kV single circuit line in another corridor and not emanating from the same substation. All the generating plants shall operate within their reactive capability curves and the network voltage profile shall also be maintained within voltage limits specified in para 5.”*

17. The petitioner's application for grant of connectivity was discussed and agreed in the meeting of 30<sup>th</sup> Standing Committee on Power System Planning of Western Region and 12<sup>th</sup> meeting of Western Region constituents held on 8.7.2010 at NRPC, New Delhi. On perusal of the said meetings held on 8.7.2010 reveals that the petitioner applied for connectivity of 3040MW in the Western Region for its generating station having installed capacity of 3240 MW (4x660 MW + 4x150MW). In these meetings, the connectivity was granted through 400 kV D/C (Triple) line from generation switchyard to Bachau. It is noted that subsequently, the petitioner made an application for grant of connectivity for 2240 MW which was granted by CTU vide its letter dated 14.9.2010 and the same was also intimated in the meeting of 15<sup>th</sup> WRPC held on 12.11.2010. The petitioner entered into Transmission Agreement on 3.1.2011 in terms of Connectivity Regulations. As per the Transmission Agreement, the connectivity was granted through 400 kV D/C (Triple) line from generation switchyard to Bachau. In 22<sup>nd</sup> WRPC meeting held on 26.2.2013, the status of progress of the transmission line was discussed. In the 24<sup>th</sup> WRPC meeting held on 9.10.2013, the interim arrangement was revised and it was agreed that interim arrangement not required since the generating station has been delayed due to non-availability of forest clearance. In the 37<sup>th</sup> SCM meeting of WR constituents held on 5.9.2014, it was proposed to terminate Essar-Bachau 400 kV D/C line in Essar Salaya Ph-1 generation switchyard due to non-availability of Essar switchyard. However, the proposal was turned down by GETCO. During all these meetings, no discussion was held with regard to configuration of the connectivity line. *Prima facie*, we are of the view



that the petitioner in the intervening period never raised the issue of inadequacy of the connectivity line.

18. The representative of PGCIL during the hearing on 15.1.2015 submitted that where transmission system for connectivity and strengthening of the grid for grant of LTA were developed by CTU under the coordinated transmission plan of ISTS in line with Regulation 8 (8) of the Connectivity Regulations, BG is being taken for the amount equal to quantum of connectivity granted multiplied by ₹ 5 lakh as the length of dedicated transmission line is more than 20 km. In the present, line length is 300 km and the cost as per estimates would be about ₹ 500 crore. As per Regulation 27 (2) (d) of the Connectivity Regulations, the applicant is required to furnish BG of ₹ 5 lakh per MW in case of construction/augmentation of transmission system for application of connectivity as well as for LTA. Accordingly, the petitioner furnished BG of ₹ 112 crore on 9.2.2011 for Connectivity of 2240 MW.

19. It is noted that PGCIL has filed Petition No. 64/TT/2015 on 30.1.2015 for approval of transmission tariff in respect of Essar Gujarat TPS-Bachau 400 kV D/C (Triple) line and extension of Bachau sub-station with anticipated COD as 1.4.2015. In the above petition, the petitioner has contended that its generating station has been delayed due to non-availability of environmental clearance from Govt. of India, Ministry of Environment and Forest and has expressed difficulty to evacuate power in accordance with scheduled timeline. The petitioner has also filed Petition No. 187/MP/2015 for adjudication of dispute arising under the Transmission Agreement entered into between the petitioner and PGCIL on 3.1.2011 and has requested to kept abeyance of

connectivity in respect of the Essar Gujarat TPS-Bachau 400 kV D/C (Triple) line and extension of Bachau sub-station. The petitioner in this petition has also prayed to restrain PGCIL from making any claims for the transmission charges for the instant transmission assets. These petitions are under consideration of the Commission.

20. As per para 7.3 of the Detailed Procedure, the applicant is required to furnish BG within one month of signing of transmission agreement with validity upto commissioning of transmission system. In the above circumstances, where the transmission system is projected to be commissioned very soon in near future and generation project is delayed, the bank guarantee is the only payment security mechanism with validity up to commissioning of the transmission system. PGCIL vide its letter dated 8.9.2014 informed the petitioner that the validity period of BG is expiring on 4.11.2014 and to be extended by another one year before the expiry of the validity. In case BG is not extended before the expiry date, the same may be treated as the claim against BG and no further claim will be lodged for realizing the proceeds. It is noted that the petitioner has extended the validity of bank guarantee upto 4.11.2016 with claim period of 4.12.2016. The petitioner is directed to keep extend the Bank Guarantee of ₹ 112 crore till commissioning of generating station as per clause 1 (c) of the LTA Agreement.

21. According to the petitioner, PGCIL vide its letter dated 4.11.2011 directed the petitioner to install Special Protection Scheme (SPS) to restrict the actual evacuation to 250 MW since there is no capacity available for transfer of power more than 250 MW from Salaya TPS beyond Bhachau

taking into account Mundra UMPP generation. PGCIL suggested the petitioner to apply LTA for transfer of entire quantum to facilitate identification of suitable system strengthening scheme. PGCIL in its affidavit dated 28.11.2014 has submitted that the connectivity can allow testing of only one unit and not the entire generating station, even if the same is accepted as true, the petitioner would not be able to undertake testing in light of the unit size (660 MW), especially since the actual evacuation is restricted to 250 MW by mandatory installation of SPS upon the instructions of PGCIL.

22. The petitioner has submitted that SPS is normally provided on the request of System Operator as an interim measure during operation stage. However, in the present case, SPS has been mandated by the CTU even before the line has been built. From the above, it is evident that PGCIL is providing connectivity of 2240 MW only on paper and not actually, whereas the actual transmission capacity is around 1100 MW which has been curtailed in advance to 250 MW. The present connectivity would not allow the petitioner to even undertake full load testing of one unit of the generating station. PGCIL has contended that the petitioner applied for LTA for 250 MW, the system capability to accommodate the same was ascertained and LTA of 250 MW was granted without augmentation of additional system strengthening. In case, the petitioner had applied LTA for full quantum then the system required would have been accordingly worked out and taken up for implementation.

23. Regulation 8 (7) of the Connectivity Regulations provides as under:

*"(7) Notwithstanding anything contained in clause (6) of this regulation and any provision with regard to sale of infirm power in the PPA, a unit of a generating station, including a captive generating plant which has been granted connectivity to the grid shall be allowed to inject infirm power into the grid during testing including full load testing before its*

*COD for a period not exceeding six months from the date of first synchronization after obtaining prior permission of the concerned Regional Load Despatch Centre"*

As per the above provision, the applicant granted connectivity is entitled for injection of power into the grid during testing including full load testing of one unit at a time and not evacuation of entire power of the generating station.

24. Regulation 5.2 (o) of the Grid Code deals with installation and commissioning of SPS as under:

"5.2.(o) all Users, STU/SLDC,CTU/RLDC and NLDC shall also facilitate identification, installation and commissioning of System Protection Schemes (SPS) (including inter-tripping and run-back) in the power system to operate the transmission system closer to their limits and to protect against situations such as voltage collapse and cascade tripping, tripping of important corridors/flow-gates etc. Such schemes would be finalized by the concerned RPC forum, and shall always be kept in service. If any SPS is to be taken out of service, permission of RLDC shall be obtained indicating reason and duration of anticipated outage from service."

Perusal of the above provisions reveals that all users are required to facilitate identification, installation and commissioning of SPS in the power system to operate the transmission system closer to their limits and to protect voltage collapse, tripping of important corridors/flow-gates, etc. and such schemes would be finalized by the concerned RPC forum, and shall always be kept in service. SPS is used to take care of system security aspect of power system operation. It is noted that SPS has not been finalised in the RPC forum. It is further noted that since the transmission line covered in the present petition is dedicated line for evacuation of power from the petitioner's generating station, therefore, the petitioner is entitled for injection of power into the grid during testing including full load testing of one unit at a time as per Regulation 8 (7) of the Connectivity Regulations. Therefore, PGCIL needs to ensure that

testing of the one unit of the petitioner (660 MW), is allowed before operationalization of its LTA. The petitioner is directed to install SPS to restrict the actual evacuation to the quantum of LTA (250 MW) after COD of the generating unit as per scheme approved in RPC forum.

25. In view of the above decision, the prayers of the petitioner are disposed of as under:

(a) The petitioner shall extend the Bank Guarantee of ₹112 crore for 2240 MW corresponding to the capacity of the connectivity line till opening of payment security mechanism and operationalization of LTA.

(b) PGCIL shall not encash the bank guarantee till the opening of payment security mechanism for operationalization of LTA.

26. The petition is disposed of with the above direction.

Sd/-

**(A.S. Bakshi)**  
**Member**

sd/-

**(A.K. Singhal)**  
**Member**

sd/-

**(Gireesh B. Pradhan)**  
**Chairperson**